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# GAIN Report

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## Malaysia

### Oilseeds and Products

### Update (July)

### 2004

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**Report Highlights:**

Malaysia's crude palm oil (CPO) production rose 6.4 percent to 1.2 MMT in June 2004. Carry-over levels at the end of June also rose to 1.2 MMT. However, palm oil exports declined to 890 TMT in June. The average local CPO price dropped from US\$410/MT in June to US\$390/MT in July.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Kuala Lumpur [MY1]  
[MY]

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## Executive Summary

### Production

The Malaysian Palm Oil Board (MPOB) reported that total crude palm oil (CPO) production rose by 6.4 percent to 1.2 MMT in June 2004. Output in the Peninsula increased by 8.4 percent while East Malaysia's production rose 3.4 percent. Compared to June 2003, output during June 2004 was 4 percent lower. Weaker yields reflect that the trees are experiencing some stress due to the sharp increase in production in the previous year. Post now expects CPO production to increase to 4.0 MMT during the Jul-Sep quarter, bringing the total CPO production to 13.3 MMT for the whole year (Oct03/Sep04).

### Price

Local PO prices dropped in line with global soy oil prices during the month of July. The monthly average CPO price dropped from US\$410/MT in June to US\$390/MT in July 2004. For comparison, the average CPO price for July 2003 was US\$395/MT. The Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price also declined from US\$427/MT in June to US\$390/MT in July.

### Stocks

A big drop in PO exports resulted in the PO stock level rising to 1.2 MMT at the end of June, the highest level since November 2002. Overseas demand is expected to improve in the July – September quarter and Post expects the carry-over stocks to decrease to 1.1 MMT by the end of September.

### Trade

Preliminary official PO exports dropped from 950 TMT in May to 890 TMT in June.

### Annual Situation

Changes in the PS&D table for palm oil reflect a downward revision in CPO production and an increase in CPO imports. Yields of the palms are weaker than those of the previous year. A downward revision in domestic consumption more than offset the upward revision in exports resulting in an increase in ending stock at the end of 2003/04.

	Revised 2002/03	Prelim 2003/04	Forecast 2004/05
(1,000 tons)			
Beg Stock	1,149	975	1,100
Production	13,181	13,300	13,800
Imports	341	690	500
Total Supply	14,671	14,965	15,400
Exports	12,077	12,300	12,500
Domestic Use	1,619	1,565	1,900
Ending Stock	975	1,100	1,000

## Quarterly Outlook for Palm Oil

	2003 1/	2004 1/	2003 1/	2004 2/
	Apr-Jun	Apr-Jun	Jul-Sep	Jul-Sep
	(1,000 tons)			
Beg Stocks 3/	1,011	953	955	1,211
Prod- Pen. Mal	2,151	1,988	2,327	2,400
- East Mal	1,331	1,290	1,552	1,560
- Total	3,482	3,278	3,879	3,960
Imports	71	198	67	100
Total Supply	4,564	4,429	4,941	5,271
Exports 4/	3,068	2,785	3,596	3,700
Dom Disap 5/	501	433	370	471
End Stocks	995	1,211	975	1,100

1/ Revised;

2/ Forecast;

3/ Stocks include crude and refined for all Malaysia;

4/ Exports exclude shipments of fatty acid oil distillate  
and all intra-Malaysia trade;

5/ Residual

**Production**

	2003	2003	2004	2004
	Jun	Jan-Jun	Jun	Jan-Jun
(In 1,000 MT)				
CPO:				
Pen. Malaysia	749	3,741	721	3,581
East Malaysia	469	2,354	448	2,376
- Total /1	1,218	6,095	1,169	5,957
Palm Kernel : Malaysia	321	1,679	298	1,584
Palm Kernel Oil: Malaysia	145	755	132	723
Palm Kernel Meal: Malaysia	167	879	152	829

**Prices**

(Crude delivered basis; RBD Oils in Bulk, FOB Malaysia)

	Local Crude	RBD Palm Oil	RBD Olein	RBD Stearin
	RM/MT	US\$/MT	US\$/MT	US\$/MT
Jul	1,500	414	442	338
Aug	1,393	393	420	317
Sep	1,439	400	427	320
Oct	1,663	455	472	408
Nov	1,855	501	526	457
Dec	1,829	501	513	458
Jan	1,790	481	493	464
Feb	1,917	513	529	468
Mar	2,046	544	557	484
Apr	1,979	540	552	496
May	1,835	503	520	477
June 1/	1,558	427	436	411
July 2004 (till 28 <sup>th</sup> )	1,484	409	424	388

1/ Revised

Exchange Rate: Pegged at RM3.799 to US\$1.00 since 1998

**Stock**

	2003	2004	2004	2004
	Jun	Apr	May 1/	Jun
(In 1,000 MT)				
Crude P. Oil	464	442	504	579
Processed PO	531	560	541	632
- Total PO	995	1,002	1,045	1,211
Palm Kernel	123	87	91	97
P. Kernel Oil	245	148	154	144

1/ Revised